



USAID
FROM THE AMERICAN PEOPLE

“PREPARING FOR THE NON-U.S. ORGANIZATION PRE-AWARD SURVEY (NUPAS)” TRAINING MODULE

SLIDE 1: Introduction

Welcome to the “Preparing for the Non-U.S. Organization Pre-Award Survey,” or NUPAS, module of USAID’s training series.

This module is for non-U.S.-based organizations that are new to working with the U.S. Agency for International Development. It will be especially helpful for potential partners hoping to implement an Agency-funded assistance award for the first time.

SLIDE 2: Learning Objectives

Congratulations! USAID has identified your organization as having the potential to successfully partner with the Agency in its efforts to implement development solutions.

You have advanced to the stage of the process where the Agency will conduct a risk assessment to determine whether your organization has, or can develop, the policies needed to implement an assistance award and comply with U.S. Government regulations. USAID will use the Non-U.S. Organization Pre-Award Survey, or NUPAS, to evaluate your organization’s legal, financial, and operational structures.

In this module, we will review the purpose of the pre-award assessment.

You will also learn what to expect during the process and what the review team will evaluate.

Finally, we will determine how you can successfully prepare your organization for the assessment.

As you know, it is important to consider U.S. Government and USAID regulations when applying for and preparing to implement an Agency award. We will share these regulations and provide some helpful links to resources at the end of this module.

SLIDE 3: Why USAID Partners with Organizations

USAID partners with thousands of organizations around the world to fulfill its mission, which is to lead the U.S. Government's international development and disaster assistance efforts on behalf of the American people. USAID offers this assistance through partnerships and investments that help USAID:

- Save lives;
- Reduce poverty;
- Strengthen democratic governance; and
- Help people emerge from humanitarian crises and progress beyond assistance.

Partners include non-governmental organizations, for-profit companies and U.S. small businesses, charitable organizations, universities, internationally based national groups, community and faith-based organizations, and more. In fact, USAID works with more than 3,000 different organizations each year.

DIVIDER SLIDE: The Pre-Award Survey Purpose and Participants

Now we will discuss the purpose of the pre-award survey and look at who may be involved.

SLIDE 5: What Is the NUPAS?

USAID uses a process called the Non-U.S. Organization Pre-Award Survey, or NUPAS, to determine whether a non-U.S. organization's financial management and internal control systems are adequate enough to manage an award.

The NUPAS is made up of two primary parts: the desk review and the site visit.

During the desk review, USAID will evaluate documentation provided by your organization.

During the site visit, the review team will conduct a more thorough evaluation of your organization's systems, practices, and procedures.

The process is also an opportunity for your organization to provide evidence that it has systems in place to manage standard risks, such as financial waste and abuse. If the Agency finds any issues during the review, you will be able to show how you will work to address them to meet award requirements.

SLIDE 6: Pre-Award Survey Objectives

USAID has three objectives when it conducts a NUPAS.

First, it will determine whether your organization has sufficient financial and managerial capacity to manage USAID funds in accordance with U.S. Government and Agency requirements. *Capacity* refers to the ability of a prospective partner to achieve the objectives of an award in accordance with award requirements. This typically includes technical, operational, and legal requirements, as well as

requirements related to financial management and reporting, procurement, and subaward management. Basically, USAID considers a prospective partner's ability to responsibly implement the award.

Second, the NUPAS will help USAID decide upon the most appropriate method of financing a potential award. USAID will also determine whether your final document will include special award conditions the Agency will require to mitigate any identified risks.

Finally, the NUPAS will help USAID understand the degree of Agency support and oversight necessary to ensure proper accountability for funds provided to your organization. The NUPAS is an important tool for preventing *fraud, waste, abuse, and other misuses of U.S. Government resources*, which can be particularly egregious when they divert resources from the most vulnerable populations.

The NUPAS is an evaluation of an organization's current ability to fulfill terms of an award. It identifies where USAID might work with a potential partner to address weaknesses and improve systems.

The objective for a potential partner is to support the NUPAS process by providing timely information and addressing any findings from the review.

SLIDE 7: The Review Team

The Office of Acquisition and Assistance, or OAA, will lead the NUPAS and convene a team of USAID financial, procurement, and technical experts.

A review team will typically include:

- The Agreement Officer, or AO, who is responsible for making determinations on behalf of USAID on all aspects of your award, or a designated Acquisition and Assistance Specialist;
- A technical specialist knowledgeable about the subject matter of the award, such as health, agriculture, or education; and
- A financial analyst from the USAID Mission or Office of Financial Management, or FM.

Prior to conducting the NUPAS, each of these reviewers becomes familiar with the description and requirements of the award, as well as the country conditions where it will be implemented.

If USAID mission staff availability is limited, the survey may be conducted in part by a local accounting or audit firm.

DIVIDER SLIDE: The Pre-Award Survey Process

In this section of the module, we will discuss the eight basic steps of the NUPAS process.

SLIDE 9: How the Survey Process Works (GRAPHIC)

The survey process begins with a notification to the prospective partner and ends with the partner and USAID preparing an action plan to respond to any recommendations.

The timeline for the entire process varies by organization and potential award and is determined by the USAID Office of Financial Management, or FM.

We will briefly explain the steps in the next two slides.

SLIDE 10: The Survey Process: Steps 1–4

The NUPAS process begins with the Office of Acquisition and Assistance, which submits a request to the FM to start a NUPAS survey of your organization. At this time, OAA also sends your organization a notification letter asking for documentation. This might include your articles of incorporation, legal registration, bylaws, names of depository commercial banks, a recent internal audit report, and written policies and procedures for accounting, personnel, travel, and procurement.

In Step 2, the OAA convenes the review team.

In Step 3, your organization submits all requested documentation to USAID.

At this point, in Step 4, USAID begins the desk review. The review team evaluates the submitted documentation to determine whether your organization's financial management and internal control systems are adequate to manage, control, account for, and report on the uses of potential USAID funds.

The desk review may identify deficiencies in your systems that should be remedied before you receive an award or during the course of award implementation, if special conditions are added.

SLIDE 11: The Survey Process: Steps 5–8

In Step 5, the review team conducts a site visit to perform a more thorough evaluation of your systems, practices, and procedures.

This site visit may include interviews with key operational staff to assess their knowledge of financial policies and transactions. In addition, you and other staff may be asked to go through the steps of various systems to confirm they work properly.

Upon completion of the site visit, the review team gives an overview of its assessment in what's called an "outbrief." At this point, your organization should take notes on all of the review team's concerns and any recommendations for addressing them.

In Step 6, FM staff draft the NUPAS report and circulate it to the team for review. FM submits the final report with recommendations to OAA.

To mitigate any identified risks, these recommendations may include a Corrective Action Plan, special award conditions, and a timeline.

In Step 7, OAA uses the NUPAS report to assist in determining whether to issue an award—and whether it should contain special award conditions.

Finally, in Step 8, your organization works with OAA and FM to develop a Corrective Action Plan to address any risk factors and recommendations the NUPAS identifies. This plan will outline whether the issues must be addressed before the award is made or after implementation begins through specific award agreement conditions.

DIVIDER SLIDE: Scope of the Survey

Now we will discuss what aspects of your organization the review team will consider during the NUPAS.

SLIDE 13: What the Review Team Evaluates

In most situations, the scope of the NUPAS will be quite broad. The survey can focus on any and all aspects of your business operations—from technical capability to financial stability, from organizational structure to internal policies.

In general, you and your staff should be prepared to discuss and provide supporting documentation on your organization's:

- Legal structure;
- Financial management and internal control systems;
- Human resources systems;
- Project performance management; and
- Organizational strategy.

Your AO may tailor the review to areas that are critical for making a determination for a particular award.

In the next few slides we will review topics you should be prepared to discuss and documentation you should be able to provide.

SLIDE 14: Legal Structure

Team reviewers will assess the overall legal structure of your organization. In preparation, collect official documents showing your legal structure and registration, your organizational chart, and key personnel job descriptions.

Reviewers will ask if your organization has a formal vision. They will also want to know if your organization has clearly defined roles and responsibilities for the governing board.

They will assess whether your organization is legally registered to operate in the host country.

USAID can also use the survey to determine whether your organization is eligible for an award that is limited to “local entities.”

To be considered a “local” organization, an entity must:

- Be organized under the laws of the recipient country;
- Have its principal place of business in the recipient country; and
- Be owned by individuals or managed by a governing body of which the majority of members are citizens or lawful permanent residents of the recipient country.

Details on the rules governing local entities may be found in Chapter 303 of the USAID Automated Directives System, or ADS, which is listed in the “Resources” section at the end of this module.

SLIDE 15: Financial Management and Internal Control Systems

To assess the soundness of your financial management and internal control systems, USAID reviewers will ask a series of questions. You should be ready to answer them all—and provide supporting documentation, such as a profit-and-loss summary, balance sheet, and cash-flow chart. You should also prepare any accounting system you use for the team to review.

Questions will focus on your banking and bookkeeping policies and practices. We have provided some sample questions on this slide.

- In which commercial banks does your organization have accounts—and how often are they reconciled?
- Do you have a reliable double-entry accounting system?
- Does your organization keep appropriate supporting documentation for accounting entries?
- Who authorizes and records payments?
- Do you have documented policies that safeguard the payment process?
- Does your accounting unit have a clear understanding of direct costs, indirect costs, and cost-allocation principles?
- Where do you safeguard important financial documents?
- How do you track your sources of funding?
- Do you have annual audits of your accounting records?

You can find details on USAID’s expectations in the “Financial Reporting” training module, which is listed in the “Resources” section at the end of this module.

SLIDE 16: Procurement Systems

When considering your organization's procurement systems, reviewers will want to examine your policies, employee roles, and training. To prepare, gather official documents showing your procurement policies, procedures, and practices.

We have provided some examples of possible questions here.

- Does your organization have procurement policies that are in accordance with the host country's standards?
- Do you have policies in place to require competitive procedures for procurement of goods and services?
- Who is responsible for purchases?
- Do all employees have a clear understanding of conflict of interest and ethical practices?

SLIDE 17: Human Resources Systems

As they assess your organization's human resources systems, reviewers will ask about the formal policies and established practices you have in place for managing your personnel. In advance of the site visit, organize your human resources policies and procedures and policies on the roles and responsibilities of your governing board.

Questions will focus on your personnel best practices. We have provided some sample questions on this slide.

- Does your organization maintain individual personnel files with original records?
- Do you have an organizational chart?
- Do all key employees have written job descriptions?
- What is your formal benefits and compensation plan?
- Do employees maintain timesheets to reflect actual time worked?
- Are wages, salaries, and overtime approved by management?
- Do you have documented travel policies and are they monitored for compliance?

SLIDE 18: Project Performance Management

The review team will want to assess your organization's ability to successfully manage an award. They will ask about the technical expertise of your staff and your team's ability to assure successful completion of all project requirements.

We have provided some examples of possible questions on this slide.

- Do your key management personnel have the knowledge and experience needed to fulfill the award requirements?
- Does your organization possess the technical expertise to satisfy the project purpose?
- Do you have a documented project management system?
- Are you capable of complying with the award monitoring and evaluation plan and quality assurance requirements?
- Does your organization have an internal project monitoring team?

You can learn more about managing a project in USAID’s “Monitoring, Evaluation, and Learning” training module listed in the “Resources” section at the end of this module.

SLIDE 19: Organizational Sustainability

Finally, the review team will consider how your organization will sustain its ability to implement projects. They will want to know about how your organization is funded, how you carry out your financial obligations to employees and creditors, and whether you have a plan for growth. Some sample questions are listed on this slide.

- Has your organization developed a funding strategy that will help you diversify and grow your sources of funding?
- What is your experience with developing, monitoring, and using cash-flow projections?
- Do you consistently make payments to creditors and employees when due?
- Does your organization have any debts? If so, how do you plan to liquidate those debts?
- Does your organization have the capacity to fulfill the level of effort necessary to implement the project?
- Do you have the required systems in place to effectively manage your organization’s growth?

SLIDE 20:A Review Checklist

Here we have provided a checklist to guide you as you prepare for this important meeting with the NUPAS review team.

First, ask relevant staff to review your award agreement.

Second, choose a management official to speak for your organization—and ensure they are familiar with the terms of the award and your application. Determine which staff members will escort the survey team through your location and your organization’s systems.

Then, collect supporting documentation for the systems we have discussed here. They will include:

- Your legal structure and registration paperwork, organizational chart, and key personnel job descriptions;
- Pertinent financial documents, including a profit-and-loss summary, balance sheet, and cash-flow chart;
- Procurement policies, procedures, and practices documentation; and
- Human resources policies and the roles and responsibilities of your governing board.

Next, ensure technical experts are available to answer review team questions.

Finally, prepare to present any other information or data reviewers would find useful.

DIVIDER SLIDE: The Evaluation

The previous slides outlined the information you can expect the review team to seek during both the desk review and the site visit. Now let us discuss what happens as the NUPAS report comes together.

SLIDE 22: The Responsibility Determination

The NUPAS team members will review documentation to make what is called a “responsibility determination.” This determines whether an organization has the capacity to adequately implement an award according to rules established by USAID and the Office of Management and Budget.

Reviewers also will determine whether special award conditions are required in any award agreement.

The responsibility determination calls for the Agreement Officer to apply professional judgment based on all relevant facts and circumstances known. For this reason, in addition to the items described earlier, the AO may also consider factors such as previous performance, experience of staff, and commitment of management and employees to the organization’s mission.

SLIDE 23: The Scoring System

The NUPAS scoring system is designed to help USAID assess the sources and levels of risk related to potential awards. The Agency is not seeking to eliminate all risk but to minimize significant known risks and help partners focus on strengthening key areas for successful award management.

The review team will use the scoring system to assess levels of risk from “Inadequate,” which is a 1; to “Weak,” a 2; “Adequate,” 3; or “Strong,” a 4.

A score of 1 or 2 (“Inadequate” or “Weak”) indicates that the organization’s weaknesses would pose an unacceptable risk to USAID and that these deficiencies cannot be easily fixed before the award.

A score of 3 or 4 (“Adequate” or “Strong”) indicates that the risk level is acceptable and that any necessary improvements could be made before the award.

In addition to scoring your organization, in the remarks and recommendations section of the report, the reviewers will note any weaknesses they identify. An organization can use these comments, as it creates a Corrective Action Plan, to improve its legal, financial, and operational structures.

SLIDE 24: Special Award Conditions

If your organization does not meet certain minimum requirements but is otherwise found responsible, the AO can use special award conditions to make the award. In this situation, the AO establishes conditions that allow your organization to meet all minimum requirements during the award period.

For example, the AO may require more detailed or more frequent financial reports or additional technical assistance oversight.

The AO may also establish various deadlines to meet these conditions. Some conditions might need to be met before any funds are dispersed, while others might be met within a specific timeframe, such as 90 days.

SLIDE 25: Develop a Corrective Action Plan

Remember the NUPAS is designed to determine whether your organization’s financial management and internal control systems are adequate enough to support implementation of a USAID award. The process also provides your organization with an opportunity to address weaknesses or improve its systems.

Once you have received the debrief from the review team, it is time for your organization to decide its next steps. Refer to the review team’s recommendations as you consider how you might improve your legal, financial, and operational structures.

If your team agrees to move forward in this partnership opportunity with USAID, you will work with your AO, and OAA and FM staff, to develop a Corrective Action Plan to address any risk factors identified in the review.

This action plan also will outline whether the issues must be addressed before the award, or after, through specific conditions included in the award agreement.

SLIDE 26: Key Points

Let us take a moment now to review some key points we covered in this module.

First, assemble all requested documentation and submit it to the NUPAS team.

Second, make sure your organization's relevant staff review the materials USAID requested, so your team is ready to answer any questions that come up through the desk review and the site visit.

Third, take time to review and understand the NUPAS scoring system and how your AO may establish conditions that allow your organization to meet minimum award requirements.

Finally, to address risk factors identified in the review, work with your AO and staff from OAA and FM to craft a Corrective Action Plan using any debriefing information you received and the formal NUPAS report and recommendations.

SLIDE 27: Resources

Here, we provide some resources to help you understand USAID's expectations and policies in more detail.

SLIDE 28: Thank You

Thank you for taking time to review this module and learn about how to prepare for the NUPAS. We hope it will help you and your organization know what to expect and how best to plan for this important review.

SLIDE 29: Acknowledgement

This module was produced by the United States Agency for International Development. The presentation team is composed of staff from USAID and the Partnerships Incubator. USAID thanks all the individuals who contributed their time and ideas toward the development of this e-module series.

Please email any questions or feedback you may have to IndustryLiaison-at-USAID-dot-gov.

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